


Australian Property Institute
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Valuation Issues for Affordable Rental Housing under NRAS

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NRAS

- New stock
- 10 year funding agreement from the government
- Can cease being NRAS at any time during the 10 years
- Government has no legal or equitable claim over the property


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NRAS – Tenant Eligibility

- The State Government in Queensland requires tenants to be sourced from a wait list compiled by the Department of Communities.
- The targeted tenants are key workers, and there are income eligibility levels.

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NRAS – Tenant Eligibility

Household Type	Entry Income Level	Upper income level to maintain eligibility
Single person	\$42,386	\$52,983
Two adults	\$58,596	\$73,246
Sole Parent with 1 child	\$58,638	\$73,298
Sole Parent with 2 children	\$72,695	\$90,869
Couple with 1 child	\$72,653	\$90,817
Couple with 2 children	\$86,710	\$108,388
Couple with 3 children	\$100,768	\$125,960


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NRAS – Discounted Rents

- Properties are rented to eligible tenants at a discounted rent
- No greater than 80% of market rent
- If provided through entities with charitable status – no greater than 74.9% of market rent

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NRAS - Incentive

Incentive as tax offset, in kind support or payment:

- Commonwealth Govt:
\$6,855 per annum as a tax offset or payment
- State Govt:
\$2,285 per annum payment
- Indexed annually

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Bank Funding

- Limited, not yet readily understood or accepted
- Growing interest and likelihood for financing moving forward
- Three of the majors are currently reviewing the documentation (one has recently gained internal approval to lend on these assets)

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Valuation Opportunities

- Market Rental Assessments:
 - Registered Valuer, member of the API
 - Comparison with local market
 - First, Fifth and Eighth years

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Valuation Opportunities

- Market Value Assessments:
 - For purchase
 - Early days – lack of directly comparable evidence
 - Market evidence limited, although a number of units in Brisbane have been contracted for sale
 - As volume increases will have greater evidentiary support for value

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Valuation Opportunities

- Capitalisation Approach may be acceptable as a check method.
- Management fees are typically 10-15%, which is higher than non NRAS market, however all inclusive

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Valuation Opportunities

- Development Valuations and Feasibilities for site acquisitions and roll out of projects



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